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Message Text

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ACTION EB-07

INFO OCT-01 ARA-14 ISO-00 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 FEAE-00 FPC-01
H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-15 OES-07 SP-02 SS-15 STR-04 TRSE-00
ACDA-10 EUR-12 /130 W
----------034622 131242Z /43
R 122100Z JUL 77
FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC 1247
INFO AMEMBASSY PORT AU PRINCE

UNCLAS SANTO DOMINGO 4392

E.O. 11652: N/A
TAGS: EINV, ENRG, DR
SUBJECT: PETROLEUM: EASTERN PETROLEUM REACHES AGREEMENT WITH GODR

1. EASTERN PETROLEUM COMPANY OF HOUSTON, IN ASSOCIATION WITH CANADIAN SUPERIOR LIMITED OF CALGARY, ALBERTA (HEREAFTER JOINT OPERATION REFERRED TO AS EASTERN), HAS REACHED AGREEMENT WITH THE DOMINICAN GOVERNMENT AFTER ALMOST THREE YEARS OF CAREFUL NEGOTIATIONS ON A PETROLEUM EXPLORATION AND EXPLOITATION CONTRACT COVERING THE LAGO ENRIQUILLO BASIN AREA, LOCATED IN THE WESTERN PART OF THE COUNTRY NEAR HAITI. THE CONTRACT, SIGNED ON JULY 7 AT THE PALACE IN THE PRESENCE OF PRESIDENT BALAGUER AND AMBASSADOR HURWITCH, WILL GO INTO EFFECT AS SOON AS THE NATIONAL CONGRESS APPROVES IT, WHICH SHOULD BE SHORTLY AFTER THE CONGRESS RECONVENES ON AUGUST 16.

2. CANADIAN SUPERIOR IS CONNECTED WITH THE SUPERIOR OIL COMPANY OF HOUSTON, A PRINCIPAL OWNER OF FALCONBRIDGE WHICH OPERATES A $200 MILLION FERRONICKEL AND SMELTING OPERATION IN THE DOMINICAN REPUBLIC.

3. TERMS OF THE CONTRACT SPECIFY THAT ALL CAPITAL, MACHINERY,
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EQUIPMENT AND MATERIALS WILL BE SUPPLIED BY THE FIRM. EASTERN WILL NOT RECEIVE PROPERTY RIGHTS ON ANY DISCOVERY OF OIL, BUT RATHER, WILL HAVE THE EXCLUSIVE RIGHT TO EXTRACT THE RESERVES AND WILL RECEIVE PAYMENT IN THE FORM OF OIL FOR ITS OPERATIONS ACCORDING TO THE FOLLOWING FORMULAS. FOR PRODUCTION BELOW 20,000 BARRELS PER DAY (BPD), EASTERN WILL OBTAIN 60 PERCENT AND THE STATE 40 PERCENT. ABOVE 20,000 BPD AND BELOW 50,000, THE FIRM WILL RECEIVE

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40 PERCENT AND THE STATE 60 PERCENT; FROM 50,000 TO 75,000
BPD, 35 PERCENT WILL GO TO THE FIRM AND 65 PERCENT TO THE STATE.
ABOVE 75,000 BPD, EASTERN WILL OBTAIN 30 PERCENT
WITH THE REST GOING TO THE STATE.

4. EASTERN WILL ALSO PAY THE NORMAL TAXES ON PROFITS EARNED IN THE
DR.

5. THE LATEST CONTRACT BRINGS TO FOUR THE NUMBER OF PETROLEUM
COMAPNIES THAT HAVE SIGNED EXPLORATION AND EXPLOITATION AGREEMENTS
THIS YEAR WITH THE DOMINICAN GOVERNMENT. LAS MERCEDES, S.A.,
A PRIVATE VENEZUELAN FIRM, RECEIVED THE AZUA, BANI, AND LLANURA
ORIENTAL ZONES IN AN AGREEMENT OF JANUARY. QUESQUEYA OIL, A
PRIVATE DOMINICAN FIRM, WILL SEARCH FOR OIL IN THE CIBAO VALLEY,
AS SPECIFIED IN AN AGREEMENT OF JANUARY 28. CARIBOIL, A PRIVATE
U.S. FIRM, REACHED AGREEMENT TO EXPLORE THE SAN JUAN DE LA
MAGUARA AREA ON APRIL 21.

6. MANY OBSERVERS BELIEVE THAT EASTERN'S CONCESSION CONTAIINS THE
BEST GEOLOGICAL POSSIBILITIES FOR THE DISCOVERY OF PETROLEUM.
HURWITCH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Concepts: AGREEMENTS, PETROLEUM, EXPLORATION, NEGOTIATIONS, EXPLOITATION (NATURAL RESOURCES), CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jul-1977 12:00:00 am
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
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Legacy Key: link1977/newtext/t19770766/aaaacfqc.tel
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
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Subject: PETROLEUM: EASTERN PETROLEUM REACHES AGREEMENT WITH GODR
TAGS: EINV, ENRG, DR, CA, EASTERN PETROLEUM CO, CANADIAN SUPERIOR LTD
To: STATE
Type: TE
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